
THE RENAISSANCE LEARNING CENTER, INC.
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

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AUDITOR GENERAL

THE RENAISSANCE LEARNING CENTER, INC.

ANNUAL FINANCIAL REPORT

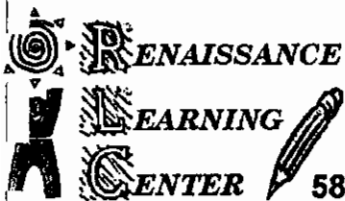
FOR THE YEAR ENDED JUNE 30, 2007

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September 27, 2007

The Renaissance Learning Center, Inc.'s Board of Directors and Administration are responsible for the contents of this report. The Renaissance Learning Center, Inc. was formed as a Florida Corporation on January 3, 1997. The school began as a private school and converted to a charter school after two years of operation. The facility was originally located on Holly Drive in Palm Beach Gardens then subsequently located at 11980 Alt.A1A in Palm Beach Gardens. The School is currently located at 5800 Corporate Way, West Palm Beach. We are open to all interested ages 3 -14 students with a primary Individual Education Plan (IEP) eligibility of autism in Palm Beach County. Charter schools are public schools which are managed and owned by private non-profit corporations. Charter schools are open to all students who reside in Palm Beach County and are free educational institutions.

The Renaissance Learning Center, Inc. offers small class sizes (an average of 5 students per 2 instructional staff members), as well as speech, occupational, discrete trial and other therapies. The school's curriculum is based in Applied Behavior Analysis (ABA), but uses an eclectic approach including direct instruction, incidental teaching, video modeling, scripts and observational learning. Students work one-on-one, in dyads and small groups depending on their abilities and skill levels. Progress is monitored daily through data collection, summary, analysis and assessment.

The mission of The Renaissance Learning Center, Inc. is to develop and provide effective education and tailored therapy programs for children with autism, ages 3 to 14. The school's efforts are directed toward improving the education and quality of life of our students. We are committed to the continuous improvement of every student through use of best practice programs and models, and our students consistently demonstrate substantial progress each year. Parental involvement and satisfaction is an integral part of the success of Renaissance. All parents are involved in training sessions throughout the school year, as well as monthly observation sessions and quarterly teacher conferences, in addition to the yearly Individual Education Plan (IEP) meeting. Parents volunteer their time as board members, committee and project leaders, as well as in fund raising events.

The Renaissance Learning Center, Inc. ended our eighth year as a charter school with a strong financial statement and we continue to increase our enrollment every year. We currently have a waiting list for students for the next school year. Please refer to the management's discussion and analysis for further information regarding our current financial status.

Respectfully submitted:

Shelly Hedge, Board President and Chair

Michael C. Becker & Co.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Renaissance Learning Center, Inc.

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of The Renaissance Learning Center, Inc., a component unit of The School District of Palm Beach County, as of and for the year ended June 30, 2007, which collectively comprise The Renaissance Learning Center, Inc.'s basic financial statements as listed in the table of contents. These financial statements are the responsibility of The Renaissance Learning Center, Inc.'s management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of The Renaissance Learning Center, Inc. as of June 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2007, on our consideration of The Renaissance Learning Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3, 4 and 18, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise The Renaissance Learning Center, Inc.'s basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Michael C. Becker & Co.

West Palm Beach, FL
September 28, 2007

The Renaissance Learning Center, Inc.
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

Within this section of The Renaissance Learning Center, Inc.'s (the School) annual financial report, management provides a narrative discussion and analysis of the financial performance of the School for the fiscal year ended June 30, 2007.

Financial Highlights

The School's assets exceeded its liabilities by \$175,863 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$112,381.

Total net assets are comprised of the following:

1. Capital assets of \$126,436 which include property, equipment and a motor vehicle net of accumulated depreciation.
2. Unrestricted net assets of \$ 49,426 were a result of revenues exceeding expenses for the fiscal year reported.

The statement of activities shows an increase in net assets of \$63,482 compared to an increase of \$ 9,085 in the previous year.

Overview of the Financial Statements

The financial statements include government-wide financial statements and notes to the financial statements. The School also includes in this report additional information to supplement the financial statements.

Government-wide Financial Statements

The School's annual report includes two government-wide financial statements. The Statement of Net Assets and the Statement of Activities. The Statement of Net Assets presents the School's assets and liabilities with the difference being net assets. Increases or decreases in net assets are an indication of whether the financial position of the school is improving or deteriorating.

The Statement of Activities reports how the School's net assets changed during the current fiscal year. It lists expenses and revenues and breaks down to specific activities and sources.

The government-wide financial statements are presented on pages five through seven of the financial report.

Fund Financial Statements

The School uses funds to account for activities. The fund used is the general fund for all financial resources not designated to any other specific fund.

The general fund shows revenues exceeding expenditures resulting in an increase in the unreserved fund balance of \$58,260 for the fiscal year ended June 30, 2007.

The Renaissance Learning Center, Inc.
Management's Discussion and Analysis (*Continued*)
For the Fiscal Year Ended June 30, 2007

The fund financial statements are presented on pages eight through eleven and include a reconciliation of the difference between the government-wide financial statements and the fund financial statements.

Capital Assets

The School had an increase in assets totaling \$31,351 for the fiscal year ended June 30, 2007.

Budget Analysis

Both actual revenues and expenditures exceeded budgeted amounts with a net positive result of \$58,260. See page 18 for a detailed comparison of budget to actual revenues and expenditures.

The Renaissance Learning Center, Inc.
Statement of Net Assets
June 30, 2007

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash	\$ 112,763	\$ 0	\$ 112,763
Accounts receivable	11,108	0	11,108
Advances receivable	1,469	0	1,469
Prepaid expenses	8,858	0	8,858
Deposits	3,636	0	3,636
Capital assets:			
Improvements	71,813	0	71,813
Building and fixed equipment	32,662	0	32,662
Furniture, fixtures, and equipment	52,961	0	52,961
Motor vehicle	29,900	0	29,900
Audio visual equipment	14,192	0	14,192
Computer software	2,760	0	2,760
Less accumulated depreciation	(77,852)	0	(77,852)
Total capital assets net of depreciation	126,436	0	126,436
Total Assets	\$ 264,270	\$ 0	\$ 264,270
Liabilities			
Accounts payable and other current liabilities	\$ 88,407	\$ 0	\$ 88,407
Total Liabilities	\$ 88,407	\$ 0	\$ 88,407
Net Assets			
Invested in capital assets, net of related debt	\$ 126,437	\$ 0	\$ 126,437
Unrestricted	49,426	0	49,426
Total Net Assets	\$ 175,863	\$ 0	\$ 175,863

See accompanying notes to financial statements

The Renaissance Learning Center, Inc.
Statement of Activities
Year Ended June 30, 2007

Functions	Program Revenues			Net (Expense) Revenue and Changes Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Instructional and instructional related services	\$ 1,141,796	\$ -	\$ 72,786	\$ -	\$ (1,069,010)	\$ -	\$ (1,069,010)
Instructional support services	72,552	-	-	-	(72,552)	-	(72,552)
Board	5,500	-	-	-	(5,500)	-	(5,500)
School administration	170,402	-	-	-	(170,402)	-	(170,402)
Fiscal services	13,050	-	-	-	(13,050)	-	(13,050)
Plant, facilities, and maintenance	187,177	-	-	37,589	(149,588)	-	(149,588)
Pupil transportation	50,114	-	-	-	(50,114)	-	(50,114)
Community services	101,298	107,332	-	-	6,034	-	6,034
Totals Governmental activities	\$ 1,741,889	\$ 107,332	\$ 72,786	\$ 37,589	\$ (1,524,182)	\$ -	\$ (1,524,182)
Business Type Activities	-	-	-	-	-	-	-
Total Business-Type activities	-	-	-	-	-	-	-

See accompanying notes to the financial statements

The Renaissance Learning Center, Inc.
Statement of Activities (Continued)
Year Ended June 30, 2007

Functions	Program Revenues			Net (Expense) Revenue and Changes Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Totals	\$ 1,741,889	\$ 107,332	\$ 72,786	\$ 37,589	\$ (1,524,182)	\$ -	\$ (1,524,182)
General Revenues							
Grants and revenues not restricted to specific programs					1,584,760	-	1,584,760
Investments earnings					2,904	-	2,904
Total General Revenues and Special Items					1,587,664	-	1,587,664
Change in Net Assets					63,482		63,482
Net Assets-Beginning of Year					112,381		112,381
Net Assets-End of Year					175,863		175,863

See accompanying notes to financial statements

The Renaissance Learning Center, Inc.
 Balance Sheet
 Governmental Funds
 June 30, 2007

	General Fund		Total Governmental Funds
Assets			
Cash	\$ 112,763	\$	112,763
Accounts Receivable	11,108		11,108
Advances Receivable	1,469		1,469
Prepaid Expenses	8,858		8,858
Deposits	3,636		3,636
Total Assets	\$ 137,834	\$	137,834
 Liabilities:			
Accounts Payable and Other Current Liabilities	\$ 88,407	\$	88,407
Total Liabilities	\$ 88,407	\$	88,407
 Fund Balances			
Unreserved:			
Undesignated	\$ 49,427	\$	49,427
Total Fund Balances	\$ 49,427	\$	49,427
Total Liabilities and Fund Balances	\$ 137,834	\$	137,834

See accompanying notes to financial statements

The Renaissance Learning Center, Inc.
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

Total fund balances--governmental funds \$ 49,427

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported as assets in governmental funds. The cost of
the assets is \$204,288 the accumulated depreciation is (\$77,852) 126,436

Total net assets--governmental activities \$ 175,863

See accompanying notes to financial statements

The Renaissance Learning Center, Inc.
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities

Total net change in fund balances--governmental funds	\$ 58,260
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$26,129) exceeds capital outlays of \$31,351.	5,222
Change in net assets of governmental activities	<u>\$ 63,482</u>

See accompanying notes to financial statements

The Renaissance Learning Center, Inc.
Notes to Financial Statements
June 30, 2007

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Renaissance Learning Center, Inc. have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of The Renaissance Learning Center, Inc. are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of The Renaissance Learning Center, Inc.'s overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of The Renaissance Learning Center, Inc.'s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements) as of June 30, 2007. The Renaissance Learning Center, Inc. has implemented the provisions of Statement No. 34 as well as other new standards related to note disclosure, nonexchange transactions, and certain liabilities and expenditures.

Organization--The Renaissance Learning Center, Inc. (the Organization) was incorporated in Florida in the year 1997. The Organization operates as a charter school under the sponsorship of and by agreement with the School District of Palm Beach County, Florida as provided by Florida Statutes. The agreement between the Organization and the School District provides for teaching grades K through 8. The current charter school contract is effective until June 30, 2012.

Reporting Entity--The Organization is a component unit of the Palm Beach County School District. The Organization is financially accountable to the Palm Beach County School District. There are no component units of The Renaissance Learning Center, Inc. The Organization is subject to being reported as a component unit of the Palm Beach County School District (the primary government) as a result of government accounting standards and the financially accountable relationship between the two organizations.

The Renaissance Learning Center, Inc.
Notes to Financial Statements (*Continued*)
June 30, 2007

Government-wide and fund financial statements--The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Organization. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific program. *Program revenues* include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Organization did not have proprietary or fiduciary funds during this reporting period.

Measurement focus, basis of accounting, and financial statement presentation--The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenues, when applicable, of the current fiscal period. All other revenue items are considered to be measurable and available only when the Organization receives cash.

The Organization reports the following major governmental funds:

- The *general fund* is the Organization's primary operating fund. It accounts for all financial resources of the Organization, except those required to be accounted for in another fund.

The Renaissance Learning Center, Inc.
Notes to Financial Statements *(Continued)*
June 30, 2007

- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the Organization.

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as *program revenues* include 1) charges to students for tuition, fees, rental, material, supplies, or services provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Data--Budget information is presented on the *modified accrual basis of accounting* for all government funds. The board of directors adopts the budget. Once adopted, the board can amend the budget. There were no amendments to the adopted budget. Therefore, the budgetary comparisons do not contain an original vs final variance.

Capital Assets--Capital assets, which include buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The Organization defines capital assets as assets with an initial, individual cost of more than \$500 for furniture and equipment and \$3,000 for buildings and improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Donated Assets--The Organization did not receive any donated assets from the Palm Beach County School District during the year.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

The Renaissance Learning Center, Inc.
Notes to Financial Statements (Continued)
June 30, 2007

Capital asset activity for the year ended June 30, 2007, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Improvements	\$ 71,813	\$ -	\$ -	\$ 71,813
Buildings and fixed equipment	6,687	25,975	-	32,662
Furniture, fixtures, and equipment	49,145	3,816	-	52,961
Motor vehicles	29,900	-	-	29,900
Audio visual materials	14,192	-	-	14,192
Computer software	1,201	1,559	-	2,760
Total capital assets being depreciated	<u>172,938</u>	<u>31,350</u>	<u>-</u>	<u>204,288</u>
Less accumulated depreciation for:				
Improvements	\$ (7,181)	\$ (7,180)	\$ -	\$ (14,361)
Buildings and fixed equipment	(1,672)	(1,288)	-	(2,960)
Furniture, fixtures, and equipment	(21,410)	(9,816)	-	(31,226)
Motor vehicles	(13,526)	(4,272)	-	(17,798)
Audio visual materials	(6,934)	(2,838)	-	(9,772)
Computer software	(1,001)	(734)	-	(1,735)
Total accumulated depreciation	<u>(51,724)</u>	<u>(26,128)</u>	<u>-</u>	<u>(77,852)</u>
Government activities, net capital assets	<u>121,214</u>	<u>5,222</u>	<u>-</u>	<u>126,436</u>

Depreciation expense was charged to governmental activities, "instructional support services, plant, facilities, maintenance, and pupil transportation."

The Renaissance Learning Center, Inc.
Notes to Financial Statements *(Continued)*
June 30, 2007

Buildings, improvements, furniture, and equipment of the Organization are depreciated using the straight-line method over the following lives:

Assets	Years
Improvements	10
Buildings and fixed equipment	10
Furniture	5
Office equipment	5
Audio visual equipment	5
Transportation equipment	7
Computer equipment	3

Compensated Absences--Under terms of agreements, employees earn sick leave. No reimbursement or accrual is made for unused sick leave. The school employees had no unused sick or vacation time at the end of the school year.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

B. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. CONTINGENCIES

The Organization receives funding from the Palm Beach County School District. The disbursement of funds received under the contract generally requires compliance with terms and conditions specified in the contract and is subject to audit by the District, the District's independent auditors, and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund. Based on prior experience, the Organization believes such disallowance, if any, would be immaterial.

D. COMMITMENT

The school entered into a renewable five year lease of new facilities effective August 3, 2005. The new facilities are located at 5800 Corporate Way in West Palm Beach. The rent is \$7,500 per month.

The Renaissance Learning Center, Inc.
Notes to Financial Statements (*Continued*)
June 30, 2007

E. CASH

The school deposits its funds in an interest-bearing bank account. The depositor is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. There were \$5,802 of uninsured balances as of June 30, 2007. (Category 1 uncollateralized)

F. RISK MANAGEMENT PROGRAMS

Insurance is being provided through purchased commercial insurance as per the minimum requirement provided by the District. Settled claims resulting from the risks have not exceeded commercial coverage.

G. RELATED PARTY TRANSACTIONS

As discussed above the School is a component unit of the Palm Beach County School District. The general operating authority of the School is contained in Section 228.056, Florida Statutes. The School operates under a charter of the sponsoring school district, the Palm Beach County District School Board (the District). The current charter is effective until June 30, 2012. At the end of the term of charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration.

Pursuant to Section 228.056(10)(e), Florida Statutes, the charter school contract provides that in the event the school is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

The Palm Beach County School District holds back a 5% administration fee from certain funds. The revenue reported in these financial statements is net of that fee. The hold back fee for the year ended June 30, 2007 was \$67,311.

The Renaissance Learning Center, Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual, General Fund
Year Ended June 30, 2007

	Budget (Original & Final)	Actual Amounts Budgetary Basis	Budget to GAAP Variances Positive (Negative)	Actual Amounts GAAP Basis
Revenues:				
School District funding	\$ 1,444,978	\$ 1,432,624	\$ (12,354)	\$ 1,432,624
Gifts, grants, and local sources	49,921	210,937	161,016	210,937
Fund raising activities	15,000	51,573	36,573	51,573
Pre/Aftercare summer camp and therapy services	74,000	107,332	33,332	107,332
Interest earned	240	2,904	2,664	2,904
Total Revenues	<u>1,584,139</u>	<u>1,805,370</u>	<u>221,231</u>	<u>1,805,370</u>
Expenditures:				
Current:				
Instruction and instructional related services	1,088,879	1,141,796	(52,917)	1,141,796
Instructional support services	69,350	68,024	1,326	68,024
Board	4,500	5,500	(1,000)	5,500
School administration	185,700	170,402	15,298	170,402
Plant, facilities, and maintenance	142,200	169,846	(27,646)	169,846
Fiscal services	12,000	13,050	(1,050)	13,050
Pupil transportation	43,200	45,843	(2,643)	45,843
Community services	38,310	101,298	(62,988)	101,298
Capital outlay	0	31,351	(31,351)	31,351
Total Expenditures	<u>1,584,139</u>	<u>1,747,110</u>	<u>(162,971)</u>	<u>1,747,110</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>58,260</u>	<u>58,260</u>	<u>58,260</u>
Net changes in fund balance	0	58,260	58,260	58,260
Fund balance - July 1, 2006	(8,833)	(8,833)	-	(8,833)
Fund balance - June 30, 2007	<u>\$ (8,833)</u>	<u>\$ 49,427</u>	<u>\$ 58,260</u>	<u>\$ 49,427</u>

See accompanying notes to financial statements

Michael C. Becker & Co.

Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
The Renaissance Learning Center, Inc.

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of The Renaissance Learning Center, Inc., as of and for the year ended June 30, 2007, which collectively comprise The Renaissance Learning Center, Inc.'s basic financial statements and have issued our report thereon dated September 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Renaissance Learning Center, Inc.'s internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Renaissance Learning Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Renaissance Learning Center, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects The Renaissance Learning Center, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of The Renaissance Learning Center, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by The Renaissance Learning Center, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by The Renaissance Learning Center, Inc.'s internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Senior Management and
The Board of Directors of
The Renaissance Learning Center, Inc.
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Renaissance Learning Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of The Renaissance Learning Center, Inc., in a separate letter dated September 28, 2007

This report is intended solely for the information and use of management, the audit committee, others within the organization, Palm Beach County School District, and other awarding agencies, regulatory and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, it may be considered a matter of public record by Florida Statutes and Regulations.

Michael C. Becker + Co.

West Palm Beach, FL
September 28, 2007

Michael C. Becker & Co.

Certified Public Accountants

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To the Senior Management and
The Board of Directors of
The Renaissance Learning Center, Inc.

In planning and performing our audit of the financial statements of The Renaissance Learning Center, Inc. for the year ended June 30, 2007, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the Organization's internal control in our report dated September 28, 2007. This letter does not affect our report dated September 28, 2007, on the financial statements of The Renaissance Learning Center, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

1. The Organization has elected not to receive cancelled checks back from its bank. Management has instituted a program of segregation of duties, including check processing, invoice verification, and multiple signature requirements. The Organization must monitor these programs to ensure these controls are being followed. Monitoring can be enhanced by assigning a responsible party, without signature on the account, possibly a board member or members to review the cancelled checks on-line. There is a 60 day limit to view the cancelled checks on-line, afterwards the Organization is charged a bank fee. The cancelled checks should be inspected to verify the payee, amount of the check, agreement with the general ledger, and the invoice or payroll record. A sampling of checks should be inspected and the result of the monitoring should be maintained.
2. The Organization has two authorized signers on its account, who are not board members and are not bonded. The Organization should consider acquiring a bond for the actions of these individuals.

There were no other matters pending from the previous year's audit.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.a.), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that The Renaissance Learning Center, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes, and therefore, the Organization was not in a state of financial emergency for the year ended June 30, 2007.

We wish to thank the Principal and her department for their support and assistance during our audit.

This management letter has been prepared pursuant to Florida Statutes and Rules of the Florida Auditor General.

There were no violations of laws, regulations, and contractual provisions that were discovered within the scope of the financial audit that would have a material effect on the financial statements.

To the Senior Management and
The Board of Directors of
The Renaissance Learning Center, Inc.
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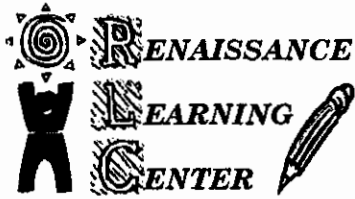
There were no illegal or improper expenditures discovered within the scope of the financial audit which would have had a material affect on the financial statements.

Two immaterial matters which did not materially affect the financial statements are discussed and summarized above as comments.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. However, it may be reviewed by the Palm Beach County School District, various regulatory agencies and may be a matter of public record by Florida Statutes and Regulations.

Michael C. Becker + Co.

West Palm Beach, FL
September 28, 2007



5800 Corporate Way ♦ West Palm Beach, FL 33407 ♦ Ph (561)640-0270

October 2, 2007

Michael C. Becker & Co.
Certified Public Accountants
1897 Palm Beach Lakes Blvd., Suite 210
West Palm Beach, FL 33409

Dear Mr. Becker,

On behalf of the Board of Directors of the Renaissance Learning Center, I would like to thank you for your time. The audit that you conducted of the school was thorough, efficient and accurate. We have reviewed your report and we plan to continue to implement your recommendations:

1. Monitoring of on-line checks by a responsible party, without signature on the account
2. Bonding of check signers.

Thank you again and we look forward to working with you in the future.

Sincerely,

A handwritten signature in cursive script that reads 'Shelly Hedge'.

Shelly Hedge
Board President